FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 12/3/90

Ms. [redacted] furnished the following: b6 b7C

[redacted] PHELPS CHARTERED, 1414 South Topeka Boulevard, Topeka, Kansas (913/233-4162). [redacted] and was admitted to practice in [redacted]

[redacted] indicated [redacted] has been an attorney for many years, and she [redacted] She was active in trial work through 1983, but by 1985 she was spending most of her time handling the daily administrative tasks of the office.

In September, 1984 there had been a very serious fire at [redacted] Church/residence and she had been active in the rebuilding effort. In addition, she [redacted]

Consequently, when the negotiations started on behalf of their client, [redacted] with VERN MILLER, who was representing ROBERT STEPHAN, she did not play a part in those discussions. Those talks were between [redacted] and VERN MILLER. [redacted] said she only got involved on two days, March 8, 1985 and March 9, 1985. b6 b7C

On March 8, 1985 she recalled that [redacted] was not well. She took him over to [redacted] house (which is within walking distance of her own home), and after talking with [redacted] she recalled [redacted] fell asleep. She put him in a bed in [redacted] house and was talking with [redacted] or doing something else when [redacted] came into the room.

Investigation on 12/3/90 at [redacted] File # 74-KC-67010 - 70

by SA [redacted] Date dictated 12/3/90

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b7C

when STEPHAN filed an ethics complaint against [redacted] and herself for allegedly introducing a false document at court. However, [redacted] said that complaint was dismissed in August, 1990. She said there was no basis for the complaint.

[redacted] also recalled talking with one of the STEPHAN defense lawyers about the photocopy and the money. He tried to say the money copied had been printed after the March, 1985 settlement, but [redacted] said that was silly. However, she did call the Federal Reserve Bank in New York City and talked to someone there about this situation. She said her conclusion was that you could determine the name of the signatory on the bills and thus you could have determined the year the money was printed. More importantly, [redacted] said STEPHAN'S defense never claimed the money had not been paid as part of the settlement.

[redacted] said she does not know where the "original" photocopy of the money is presently located. She speculated that [redacted] an attorney in Emporia, Kansas, who now represents [redacted] may have the document as all of the PHELPS CHARTERED files were given to him.

him while she finished with the money. She was more concerned with him than with the money, and as soon as she finished making the copy she took the document and the money and returned to her home.

The next morning she went to the PHELPS CHARTERED office and [redacted] came in sometime between 8:00AM and 9:00AM. She showed [redacted] the money, and then had her sign the photocopy of the money. [redacted] was shown a document identified as Plaintiff's Exhibit 169, and she indicated this was a copy of the photocopy she made of the money. She said it was not the "original" copy she made, as it could be seen that [redacted] signature was a copy. [redacted] identified the handwriting of the date appearing on the document (March 9, 1985) as being her writing.

The morning she met [redacted] recalled she had [redacted] with her because she was taking him to the doctor, and as soon as [redacted] signed she gave her [redacted] dollars, which was the amount due to her. The balance [redacted] kept in anticipation of depositing in the firm's bank account as their legal fees for handling the matter.

[redacted] said she recalled placing the photocopy of the money in the accounting file for the [redacted] case. She said the Journal Entry for dismissal of the suit was also placed in the accounting file; she would have placed any settlement documents there also, but none were drawn up. She said she understood STEPHAN had requested no documents be prepared covering the settlement.

[redacted] said she cannot identify all of the people who were present in her [redacted] house on March 8, 1985. She said she knows her [redacted] were there (but neither of them were present when the money was being counted or copied); her [redacted] was present for a period; and, of course, VERN MILLER and BOB STEPHAN were present for a time. There were at that time several single members of the [redacted] and it is possible that one or more of them could have been in a downstairs room (which she called the fireplace room). However, she does not know for certain that anyone was there. Once the door to that room is closed, those inside might not hear or see anyone else in the house. Her recollection, however, is that the door was open.

[redacted] said questions about the photocopy of the money were raised at the 1988 trial, and as late as August, 1989

 b6 b7C

[redacted] said that she needed [redacted] to help her. She said VERN MILLER and ROBERT STEPHAN were in the house; they had the money to settle the [redacted] suit, and she [redacted] did not know what to do with the money. [redacted] said she went with [redacted] to the library (which is on the second floor of her [redacted] house), and in the middle of the room was located a table upon which [redacted] observed a large amount of money had been placed.

[redacted] said she thought the money was a little unusual because they normally handled settlements by check. She said this was the only time she had ever settled a law suit with cash. She said she went to the table and began to count the money. [redacted] left the room [redacted] said she did not know where she went), and returned in a few minutes. When [redacted] [redacted] came back into the room she was accompanied by VERN MILLER and BOB STEPHAN.

[redacted] said she recalls [redacted] saying something to her; she recalls being introduced to STEPHAN, and she believes VERN MILLER may have said something, but she could not recall any of the actual conversation. She said they acted as though they were just passing through. As they were leaving, [redacted] asked [redacted] if they wanted a receipt, and she recalls STEPHAN responded, "No, I don't need one," or words to that effect. b6 b7C

[redacted] said she did not see either MILLER or STEPHAN again that night. She presumes they left the residence shortly after leaving the library. She continued to count the money, and when she was finished she went downstairs to her [redacted] office where a copy machine was located. She arranged the $100 dollar bills in packets and made a copy; she recalled she had to reduce the photocopy to get all of the money on a legal sized paper.

[redacted] said she did not recall picking up one of the packets and reusing it as a top packet with two of the other packets already copied. She said she certainly did not intend to do anything like that. Her only intention was to copy the money so there would be some record of receipt of the money, and a method to record delivery of the money to their client, [redacted] [redacted]

[redacted] also said that during the time she was copying the money, [redacted] woke up and she had to get him and hold

FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/14/90

Ms. [redacted] furnished the following: b6 b7C

[redacted] advised that she is an attorney, but she is no longer practicing. [redacted] PHELPS CHARTERED law firm located at 1414 South Topeka Boulevard, [redacted]

In December, 1982 [redacted] FRED W. PHELPS, SR. was contacted by a [redacted] who wanted representation in an action against then Kansas Attorney General ROBERT T. STEPHAN and two staff members. Ms. [redacted] alleged she had been fired from her employment [redacted] because she would not succumb to sexual advances by STEPHAN, and because she had complained about the activities of two staff members which she considered unethical and possibly illegal.

Ms. [redacted] said she did not become fully engaged in this case until about February, 1983 when [redacted] gave a deposition detailing her allegations. The deposition process took some two days to complete and was contained in two volumes of transcript.

Subsequent to the deposition, [redacted] moved to begin the discovery process on behalf of [redacted] However, STEPHAN, through his attorneys, managed to obtain a stay of discovery from the U. S. Magistrate G. THOMAS VAN BEBBER. [redacted] said she believes STEPHAN had hired ROBERT HOWARD and [redacted] to represent him and the two staff members.

[redacted] said nothing much happened from that point until about December, 1984 when United States District Judge RICHARD D. ROGERS lifted the stay of discovery and indicated the Plaintiff could proceed with obtaining their depositions. [redacted] said she

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Investigation on 5/7/90 at [redacted] File # 74-KC-67010-17 b6 b7C

by SA [redacted] Date dictated 5/14/90

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sent out six or seven notices indicating an intent to depose [redacted] and BOB ALDERSON, the two staff people named in the suit; BRUCE MILLER, an assistant to STEPHAN; [redacted] whom [redacted] alleged had an affair with BRUCE MILLER while employed by the Attorney General; [redacted] and STEPHAN himself. [redacted] said she also sent a notice to a [redacted] who had been a long time friend of STEPHAN'S and a fund raiser for STEPHAN.

[redacted] said [redacted] had supposedly been with [redacted] and STEPHAN on a trip to Mexico where gifts had been exchanged, and possibly other activity which would confirm for [redacted] the belief that there was a strong sexual overtone to the atmosphere in the Attorney General's Office.

[redacted] indicated HOWARD filed another motion opposing the taking of these depositions, but the Magistrate ruled in favor of the Plaintiff and set a deadline of March, 1985 for discovery to be completed. However, [redacted] acknowledged no depositions were ever taken in the case because they were able to reach a settlement. b6 b7C

At the first of the year, 1985, [redacted] was contacted by VERN MILLER. MILLER, an attorney from Wichita, Kansas, said he was calling on behalf of BOB STEPHAN, and indicted STEPHAN wanted to try and settle the suit again. [redacted] said there had been one previous effort to settle the case early on (when [redacted] was still the principal attorney for [redacted].

[redacted] said she asked MILLER for a letter indicating STEPHAN had hired him as counsel and that he was authorized to speak for STEPHAN. As she recalled now, MILLER gave her a copy of a letter dated February 1, 1985 from STEPHAN to MILLER which covered those points.

The talks with MILLER went on over a period of a month or more, according to [redacted] She said one of the first issues was confidentiality. [redacted] said MILLER brought up this subject and indicated STEPHAN was going to insist that it be one of the terms of any settlement. In fact, [redacted] recalled that MILLER brought up this subject on several occasions, even after their side had agreed to a confidentiality clause.

[redacted] said [redacted] was most concerned about her reputation, and how she was going to be treated by STEPHAN in public. One of her primary objectives was to get an apology from STEPHAN, and an assurance that he would stop talking about her in

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public. The third issue was the money; [redacted] said she does not recall how they arrived at the figure of [redacted] and she knows MILLER did not tell her how the money was going to be raised.

[redacted] said she also did not talk to MILLER about the form of the payment. She did not tell him that the money had to be in cash, and in fact, she presumed that it would be paid by check, which is the normal way these payments are made.

The fourth issue was [redacted] future employment, and STEPHAN agreed to assist her in getting a job in [redacted] In addition, STEPHAN was going to agree to assist [redacted] in selling her house in [redacted]

[redacted] said she received a telephone call from VERN MILLER about 1:00PM on or about March 7, 1985. MILLER said he had talked with STEPHAN and they wanted to meet personally with [redacted] MILLER suggested they meet that evening. [redacted] said she told MILLER she would need a letter authorizing a face to face meeting with STEPHAN, and MILLER said he would take care of it.

[redacted] said the meeting site was to be her [redacted] house and its purpose was to go over the final terms of the settlement. When STEPHAN arrived he ran into [redacted] who was just leaving. [redacted] said she believes they spoke to each other very briefly. Her meeting with STEPHAN lasted for about thirty or forty-five minutes at the most, and she recalled that there were other people in the building including a [redacted]

According to [redacted] STEPHAN was in a very good frame of mind; they talked about getting the settlement implemented as soon as possible. STEPHAN agreed to giving [redacted] an apology, and he would help her get a job in [redacted] and he was going to assist her in getting her house sold in [redacted] for a good price. [redacted] said they also discussed the "journal entry" for the case. She said the journal entry was important to STEPHAN because it is the official record of what has transpired in the case. STEPHAN wanted the entry to simply state the case had been "dismissed." However, [redacted] said she could not agree to that but did agree the entry would not have to detail the terms of the settlement.

The settlement was put into effect the next day, March 8, 1985. MILLER drove up from Wichita late in the day; she thinks he arrived in Topeka between 7:00PM and 8:00PM, and once again they met at her [redacted] house. [redacted] said MILLER was carrying a

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She said there is no question in her mind that he lied during his testimony. She said there is no question STEPHAN knew about the settlement beforehand; he participated in the arrangements; he met with her on at least one occasion, and she had numerous telephone conversations with both VERN MILLER and STEPHAN during the period they were trying to work out the terms.

At the conclusion of this interview, Ms. [redacted] was advised this inquiry was one of great sensitivity, touching on the lives and reputations of several people. Therefore, she was being advised that the United States Attorney's Office and the FEDERAL BUREAU OF INVESTIGATION were earnestly seeking the cooperation of everyone interviewed to treat their interview as a matter of confidence between them and the FBI. [redacted] indicated she had no problem with that request.

Ms. [redacted] was also advised the possibility existed she would be invited to give testimony before a Federal Grand Jury at some future date.

short time, possibly thirty or forty minutes at the most, and when he left, VERN MILLER went with him.

Between March 8, 1985 and March 19, 1985 very little happened in regard to this case. [redacted] said they were working on getting the other terms of the settlement in place, but there was no change in the basic atmosphere that prevailed on March 8, 1985. On March 19, 1985, after they had obtained the letter of recommendation for [redacted] had the journal entry filed with the U. S. District Court.

[redacted] said, though, that STEPHAN did not sign any of the documents. An assistant, [redacted] signed for the Attorney General's Office.

The day after the journal entry was filed with the Court, STEPHAN called [redacted] Apparently a newspaper reporter had seen the journal entry and had called STEPHAN about it. [redacted] said between March 19 and March 27, 1985 she had several conversations with STEPHAN. There had been several press articles and other media coverage, and it had not all been favorable to STEPHAN. The newspapers wanted a full disclosure of the terms of the settlement; they wanted to know if public funds had been spent to settle this suit. [redacted] said he started whining about the press coverage, and asking her what he should do. [redacted] said she told him to ignore the press; he had made an agreement, and he should just "hang in" until the press went on to something else. [redacted] said STEPHAN agreed to do so, but she could tell he was looking for a way to back out.

Then on March 27, 1985 at approximately 9:00PM she received a telephone call at her home from STEPHAN. Present during this call was [redacted] said STEPHAN was obviously keyed up during the call. She said he wanted her to hold a press conference and tell the media that when she got involved in the [redacted] case she determined there was no merit to the suit and got it dismissed. [redacted] said she told STEPHAN she could not, and would not, do that. She asked STEPHAN if he could even imagine what type of reaction that would get from her client [redacted]

[redacted] said STEPHAN appeared to be so agitated during this conversation she became concerned he would meet with the press on his own and break the agreement. She said she called VERN MILLER in Wichita and set up a three-way conference call. She explained to MILLER what STEPHAN was proposing, and MILLER

immediately agreed with her position. MILLER told STEPHAN they had to keep their end of the bargain. All in all the call took some twenty-seven minutes to complete (the toll record was later introduced in the 1988 trial).

Early the next morning, [redacted] said she called MILLER back to get additional assurance that STEPHAN would not disclose the terms of the settlement. MILLER assured her STEPHAN was not going to disclose.

On April 6, 1985 STEPHAN came to the [redacted] residence again and met personally with [redacted] He gave her an apology and assured her everything was going to be "ok." [redacted] said she was not present when this meeting took place, but her [redacted] was a witness, and of course, [redacted] related what had taken place.

After this meeting, [redacted] and STEPHAN left together and went to the CORK CLUB in Topeka. According to what [redacted] told her, the two of them sat in his car in the parking lot and talked. [redacted] later told [redacted] that she did not think this was a "big deal." According to [redacted] the suit had been settled; he had made his apology, and he was following through on the other elements of the settlement. [redacted] said that [redacted] also remarked about how STEPHAN seemed to be relieved to have the whole thing out of the way.

[redacted] said the next occurrence was around April 15th or April 16th when [redacted] released a statement to the press indicating that she thought STEPHAN was a good guy, would make a good Governor, and whatever had happened between them in regard to the suit had been a personal matter which she did not want to drag through the media any further. Between that date and October 29, 1985 nothing happened that she could recall.

STEPHAN and BOB STOREY, a political supporter of STEPHAN'S held their press conference on October 29, 1985 and released all of the terms and details of the settlement. Of course, STEPHAN denied knowing any of the terms or any part in developing the settlement. [redacted] said she was particularly surprised about those statements because she knew the history of what had actually happened, and she knew that STEPHAN had been very much involved in arranging the settlement. She said she and her family have been accused of a good many things over the years, but she was shocked to hear what STEPHAN had testified to during the 1988 trial.

brown bag, similar to bags used by banks to transport money. Inside the bag was the [redacted] and [redacted] recalled how surprised she was that the payment was in cash. They had really expected a check, and she made clear that neither she or [redacted] had asked for cash.

[redacted] said the cash actually presented them with a problem because they did not know exactly how to record the receipt of the money for the case. She said normally a check is given and they would just record the check information against the case and in their firm's ledgers.

When MILLER had handed over the money, and while [redacted] and her [redacted] were trying to decide what they were going to do with the money, MILLER called STEPHAN, who was still in his office. When he got off of the telephone, MILLER said he was going over to the capitol to get STEPHAN. [redacted] said the distance between the two locations is not great, and MILLER and STEPHAN returned shortly thereafter.

[redacted] said she remembered asking both MILLER and STEPHAN if they wanted a receipt for the money, and STEPHAN said they did not. She said they also did not ask for a release from [redacted] which is a normal thing for a defendant to ask for when a suit is settled. [redacted] said it was obvious to her that STEPHAN wanted to limit the paper record of the settlement.

[redacted] said there is no question in her mind that STEPHAN knew exactly what was going on when he came to her [redacted] house that night. She said the money was still laid out on a table in plain sight; her [redacted] had been trying to figure out how to make a xerox or photocopy of the bills.

STEPHAN spoke with her [redacted] and went on a tour of the house and complex with her [redacted] explained that her [redacted] part of the house doubles as church and office space. There had been a fire earlier and the reconstruction had just been completed. She recalls very clearly her [redacted] taking STEPHAN around showing him what had happened, and she said the mood of the meeting was very friendly, very calm, and one that indicated to her that STEPHAN was glad to get the matter settled.

[redacted] said she remembered STEPHAN shook hands with all of them, and that would have included her [redacted] her [redacted] [redacted] herself, and [redacted] Again, STEPHAN was in the house a

The file indicates STEPHAN was originally represented by BRUCE E. MILLER, a member of the Attorney General staff, but MILLER withdrew on 2/24/83 and was replaced on the same date by [redacted] also a member of the Attorney General's staff. b6 b7C

On 3/3/83 the record reflects ROBERT L. HOWARD, Attorney at Law, FOULSTON SIEFKIN POWERS and EBERHART, 700 Fourth Financial Center, Wichita, Kansas 67202 (316/267-6371) entered an appearance as counsel for defendant.

On 3/4/83 [redacted] Attorney-At-Law, KAHRS NELSON FANNING HITE & KELLOGG, 200 West Douglas (#630), Wichita, Kansas 67202 (316/265-7761) entered an appearance as counsel for defendant STEPHAN, but the record also shows that [redacted] withdrew on the same date.

An appearance as counsel for STEPHAN was entered on 3/2/83 for VERN E. MILLER. Further, the file indicates HOWARD withdrew as counsel on 3/7/85.

The file indicates the matter was dismissed on 3/19/85 following a settlement between the parties.

74-KC-67010

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The following investigation was conducted by Special Agent (SA) [redacted] on April 23, 1990:

KANSAS CITY, MISSOURI:

Ms. [redacted] Clerk, NATIONAL ARCHIVES AND RECORDS ADMINISTRATION CENTER (NARAC), 2312 East Bannister Road, Kansas City, Missouri (816/926-7271) made available the NARAC file pertaining to a Civil Rights suit filed in the UNITED STATES DISTRICT COURT, District of Kansas, in 1982.

That file, 82-4307, [redacted] vs ROBERT T. STEPHAN, Attorney General, State of Kansas; W. ROBERT ALDERSON, First Deputy Attorney General; [redacted] indicates that the suit was filed by [redacted] on 12/22/82. [redacted] was represented by counsel, FRED W. PHELPS, SR., PHELPS CHARTERED, 1414 South Topeka Boulevard, Topeka, Kansas 66601 (913/233-4162) and 3701 West 12th Street, Topeka, Kansas 66604 (913/273-0325).

The 1982 suit charged STEPHAN, et al, with "sex based employment discrimination for discharging [redacted] under a defamatory cloud and in violation of free speech rights in criticizing unlawful activities, all under color of state law."

The records indicated [redacted] was employed by the [redacted]

The original complaint stated that [redacted] objected to STEPHAN'S "continuous on the job sexist advances to plaintiff and other female employees," and to "unlawful use of state goods and services in private business" by ALDERSON, and "because plaintiff criticized [redacted] for unlawful use of state goods and services, including the Attorney General's secretary, time, equipment, and supplies in partisan political activities for defendant STEPHAN."

[redacted] also claimed STEPHAN allowed rumors to spread around the office that STEPHAN and [redacted] were having an "illicit sexual affair."

[redacted] sought actual damages of $250,000 and punitive damages of at least $500,000 plus court costs and attorney's fees.

74-KC-67010-12

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U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No. 74-KC-67010

Kansas City, Missouri

February 26, 1990

ROBERT T. STEPHAN,
ATTORNEY GENERAL,
STATE OF KANSAS;
PERJURY

In 1982, a lawsuit was filed against Kansas Attorney General, ROBERT T. STEPHAN, by [redacted] alleged she was fired from her [redacted] position in December 1982, because she objected to STEPHAN's repeated sexual harassment of her at work. STEPHAN denied the allegations. b6 b7C

In March 1985, the suit was settled out of court. [redacted] received [redacted] in cash, a promise by STEPHAN to assist her in selling her [redacted] a letter of recommendation to assist [redacted] in obtaining another job, assistance from STEPHAN to obtain a position with the [redacted] had moved to [redacted], and a formal apology from STEPHAN. There was no written agreement and court records reflected only the settlement. However, it was alleged by [redacted] that the terms of the agreement were to remain secret.

In the summer and fall of 1985, STEPHAN was engaged in an effort to win the 1986 Republican Party nomination for Governor for the State of Kansas. According to published news articles, STEPHAN was under intense pressure from political advisors and various supporters to disclose the terms of the settlement with [redacted] On October 29, 1985, STEPHAN and BOB STOREY, a Topeka, Kansas, lobbyist and friend of STEPHAN's, held a news conference at Wichita, Kansas. During this press conference, STOREY released the terms of the the [redacted] settlement. In particular, it was revealed that [redacted] had received a [redacted]

On November 19, 1985, [redacted] filed a $15.6 million dollar lawsuit against STEPHAN and STOREY charging breach of contract. [redacted] also alleged STEPHAN and STOREY had "held her up to a false light in the public's eye" by statements they made during the October 1985 press conference. b6 b7C

4 - Bureau
1 - USA, Western District of Missouri
2 - Kansas City (74-KC-67010)(SQ2)(P)
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74-KC-67010-5

SEARCHED [redacted]
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[redacted]

KC Star 11/8/85

Stephan likely to pay $200,000 fine himself

By Kathryn M. Nelson
staff writer

Attorney General Bob Stephan probably will himself pay the $200,000 awarded Monday to a former file clerk in his office if the case is not appealed, a spokesman for the attorney general said early today.

But Mary Horsch, Stephan's spokesman, said "nothing is set in stone" and predicted much could change by 2 p.m., when Stephan has scheduled a news conference.

He will give his reaction to the award in a lawsuit won by Marcia Stingley, who had sued Stephan alleging breach of contract.

Horsch said today that it "looks like Bob will be paying the award," rather than the state of Kansas.

"I think that's Bob's feeling right now," Horsch said, although she acknowledged that might change.

The jury did not order Stephan to pay Stingley's legal fees.

Gerald Michaud, a Wichita lawyer and Stephan's lead counsel, donated his services, Horsch said. Stephan's other attorney was Carl Gallagher, an assistant attorney general whose salary is paid by the state.

Horsch said Stephan had not yet decided whether to appeal the judgment.

An eight-person federal jury in Topeka found Monday that Stephan had breached the contract of a settlement made in a lawsuit filed in 1982 by Stingley, who then used the name Tomson. In that suit, Tomson alleged that Stephan had sexually harassed her and that he had fired her for spurning his sexual advances.

The suit was settled in 1985 for $24,000 and in exhcange for several promises by Stephan, including a promise of employement in California, selling her house at an inflated price and not publicly discussing the case or the settlement.

Stephan had contended he did not know those details and was the victim of a conpsiracy by Tomson, former Attorney General Vern Miller and members of the Phelps Chartered law firm in Topeka, who wanted to destroy his political career.

Stingley contended in her second lawsuit that an October 1985 news conference by Stephan and Topeka lobbyist Bob Storey violated the confidentiality clause of the settlement. She also contended that the two men had held her up to the public in a "false light" when they say her original lawsuit was groundless.

The jury found in favor of Stephan and Storey on the false light claim.

of Kansas, BENJAMIN L. BURGESS; SAFFELS informed BURGESS he had received a letter, dated October 7, 1989, from FRED W. PHELPS. In his letter, PHELPS told SAFFELS he had filed a complaint with the Disciplinary Administrator for the State of Kansas, BRUCE E. MILLER, alleging that STEPHAN had "repeatedly perjured himself" during the 1988 trial. PHELPS also told SAFFELS of the recent discovery of a tape recording by STEPHAN of an October 23, 1985, telephone conversation between STEPHAN and PHELPS. PHELPS alleged this tape was "proof" that STEPHAN had lied during the trial about knowing of the terms of the 1985 settlement agreement prior to the October 29, 1985, press conference. PHELPS further indicated to SAFFELS that he feared the disciplinary administrator would white wash his allegations against STEPHAN. PHELPS indicated that BRUCE MILLER had been a Deputy Attorney General under STEPHAN; had represented STEPHAN in certain aspects of the first suit, and was known to be a close friend of STEPHAN's. Judge SAFFELS referred the entire matter to the USA for whatever action he deemed appropriate.

The USA took the matter under review between receipt of Judge SAFFELS' communication and February 9, 1990. On February 9, 1990, Mr. BURGESS discussed the PHELPS' allegations with Mr. [redacted] First Assistant USA for the Western District of Missouri, at Kansas City, Missouri. Mr. BURGESS requested that the USA's Office in Kansas City, Missouri, assume responsibility for an inquiry into the PHELPS allegations. b6 b7C

Mr. BURGESS, who had been USA for the District of Kansas for a number of years, was leaving office on February 12, 1990, as his term had expired and President BUSH had elected to appoint a new USA for the District of Kansas. BURGESS indicated to [redacted] he believed [redacted] b5 b6 b7C

On February 12, 1990, Mr. [redacted] furnished the Kansas City Office of the FEDERAL BUREAU OF INVESTIGATION, with the basic allegations against STEPHAN, along with a number of documents which had been given to their office by Mr. BURGESS. Mr. [redacted] indicated [redacted]

Mr. [redacted] indicated at that time that the USA for the Western District of Missouri, Mr. JEAN PAUL BRADSHAW, II, would

insure that the newly appointed USA for the District of Kansas, Mr. MORRIS LEE THOMPSON, would be briefed by their office concerning this matter.

Mr. [redacted] also advised that [redacted] b5 b6 b7C

On February 21, 1990, during a meeting and general briefing of Mr. THOMPSON, the new USA for the District of Kansas, by FBI Officials at Kansas City, this matter was discussed. Mr. THOMPSON indicated that he concurred with the decision to have the case handled by the USA's office in the Western District of Missouri.

For additional information, a number of news articles pertaining to the suit and the trial in Topeka are included herein.

Topoka (Kansas) Capital-Journal October 22, 1988

Lawsuit against Stephan to go to trial Monday

A $15.6 million invasion of privacy lawsuit brought against Attorney General Robert Stephan and former state Sen. Bob Storey by a former employee in Stephan's office will be brought to trial Monday in U.S. District Court here.

Jury selection will begin in the 3-year-old case at 10 a.m. before U.S. District Judge Dale Saffels. A member of Saffels' staff said the trial is expected to last two weeks.

The lawsuit, brought by Marcia Tomson, a former clerk in Stephan's office, stems from the secret settlement of a sexual harassment lawsuit Tomson brought against Stephan in 1982. That case was settled in 1985, and the terms of the settlement were kept confidential until an Oct. 29, 1985, press conference called by Stephan and Storey.

At that time, Storey disclosed that a $24,000 settlement was paid to Tomson and that the money was received through private donations. During the press conference, both men referred to the lawsuit as a nuisance and as being "totally unfounded."

Shortly after the press conference, Tomson filed suit against both men, charging they violated the terms of the settlement in the first lawsuit, which required that the terms be kept confidential, and that they placed her in a false light by describing her lawsuit as a nuisance. Although he maintained he had done nothing to violate the settlement agreement, Stephan withdrew from the governor's race immediately after the second lawsuit was filed.

Stephan is charged with breach of contract and invasion of privacy in the second lawsuit, and Storey is charged with invasion of privacy.

Since its inception, the lawsuit has gone through many changes. When originally filed in November 1985, the lawsuit sought $5.2 million in actual and punitive damages, charging that Stephan failed to keep promises made to Tomson in the original settlement agreement. The lawsuit also alleged libel against Stephan and Storey for statements they made during the press conference.

When Tomson's attorneys, Fred Phelps Sr. and the Phelps Chartered, law firm, were barred from the suit because they were potential witnesses in the case, Tennessee attorney Fred Thompson and Emporia attorney Don Krueger were recruited to take over the case.

Once the new attorneys came on board, Tomson was granted permission to amend her complaint. The new complaint sought $10.4 million more than the previous version and alleged invasion of privacy, breach of contract and interference of contractual rights. The charge of interference against Storey was dismissed in September.

Tomson alleges Stephan betrayal

Former clerk testifies that Kansas attorney general lied

By John Petterson
Kansas Correspondent

TOPEKA — When some of the terms of the settlement of her sexual harassment lawsuit against Attorney General Bob Stephan were made public at a news conference, Marcia Tomson felt betrayed, she testified Thursday.

"I felt like it was the most devastating thing I can imagine," she told a U.S. District Court jury. "I felt I'd been lied to, that I had been betrayed."

Her testimony lasted most of the fourth day of the lawsuit, which she filed against the state's Republican attorney general as a result of that October 1985 news conference.

Tomson has said Stephan fired her from her clerk's job in December 1982 because she objected to his repeated sexual harassment at work. She filed a sexual harassment lawsuit the same year.

Tomson, who now lives in San Diego, said Thursday she now uses her maiden name, Stingley, although court records still refer to her as Marcia Tomson.

Because Stephan talked about at least one term of the settlement — the $24,000 cash payment — at the news conference, Tomson filed a breach of contract lawsuit naming the attorney general as a defendant.

For the first time, Tomson revealed Thursday that she received $16,000 from the settlement and indicated that the rest went for attorneys' fees.

Besides the breach of contract allegation against Stephan, she also contended in the lawsuit that Stephan and his friend Topeka lobbyist Bob Storey, who participated in the 1985 news conference, had held her up to a false light in the public's eye.

She is seeking $15.6 million in damages from the two men.

Terms of the March 1985 settlement of the lawsuit were to have been kept secret.

Besides the money, Tomson said, Stephan agreed to have someone buy her $40,000 house for $70,000, get her a job with the California attorney general, apologize to her and write her a letter of recommendation.

There was no written agreement and court documents show only that the case was settled.

Under questioning by Gerald Michaud, Stephan's lead attorney, Tomson said she never pursued having the attorney general arrange to have her house purchased or find a job for her in California. She said Stephan did write a letter of recommendation.

Tomson said she had known Stephan for years before he was elected attorney general in 1978 and that they had been friends but were not romantically linked.

During that time, Stephan had not sexually harassed her, she said.

Michaud suggested to her that Stephan was "a perfect gentleman for 10 years."

Under questioning, Tomson said sexual advances by the attorney general occurred "numerous times" while she worked for him, but she could not say how many times.

Pressure on Stephan to detail the terms of the secret settlement of Tomson's lawsuit increased during the summer of 1985, and by fall some of the attorney general's political backers were urging him to reveal them to clear the way for his bid for the Republican nomination for governor the next year.

The result was the Storey-Stephan news conference in Topeka. When Tomson heard about it, she testified, she "was furious."

The second lawsuit was filed on Nov. 19, 1985, in response to that news conference.

On Thursday one of Tomson's attorneys, Sabin Thompson, asked her, "Are you part of a conspiracy to keep Bob Stephan from becoming governor of Kansas."

"Certainly not," she responded.

Tomson testified that Stephan's news conference had changed her life for the worse.

"It put my life on hold. I felt betrayed. It was a continual sword hanging over me," she said, adding that she had difficulty sleeping at night afterward.

Three of her children also testified Thursday that Tomson was distressed and upset after learning about the news conference.

There were no medical bills to show that she had been forced to obtain professional help to deal with the stress. Tomson said she could not have afforded such assistance and handled her problems herself.

Stephan discussed suit, woman's lawyer says

By The Associated Press

Topeka—Attorney General Bob Stephan knew the details of the settlement of a sexual harassment lawsuit because he participated in the negotiations, Margie J. Phelps, the former attorney for the woman who sued him, testified today.

Phelps also said Stephan tried a month later to get her to break a confidentiality provision.

Phelps was the first witness today as testimony began in a $5.2 million lawsuit brought by Marcia Tomson against Stephan for allegedly breaking the confidentiality of the settlement of the first suit.

Tomson also alleges that Stephan and former state Sen. Bob W. Storey, a co-defendant, held her up to a "false light" by their statements at a news conference in October 1985 in which they discussed the settlement.

Phelps, a member of the Phelps Chartered law firm and daughter of civil rights lawyer Fred Phelps Sr., worked on Tomson's two lawsuits against Stephan and helped arrange the settlement of the first.

Tomson, now living in San Diego, might take the stand later today.

In her early testimony, Phelps traced the history of the first lawsuit and recalled negotiations to settle it involving her, Stephan and former Attorney General Vern Miller.

She said Miller first approached her father in early 1985, saying Stephan was inquiring about settling the case. She said she then engaged in negotiations for more than a month before meeting with Stephan on March 7, 1985, to work out the final details.

Stephan has said he did not know details of the settlement.

Phelps said virtually the first agreement reached was that terms of the settlement would be confidential.

Both sides agreed to that "very early on," Phelps testified.

She said the other terms included a cash settlement, which others have disclosed was $24,000, a letter of reference from Stephan that Tomson could use to get another job; a plan to have a friend or friends of Stephan purchase Tomson's home in Topeka for $70,000, a price above the market value, and an apology from Stephan to Tomson.

She said she met with Stephan for 30 to 45 minutes and that the atmosphere was "surprisingly friendly."

"He was very open, very friendly, very agreeable," Phelps said.

She said the discussion of an apology was also friendly.

"He indicated . . . he wanted to be friends with her," Phelps said.

About a month after the settlement was reached, Phelps also testified, Stephan asked her to allow disclosure of the terms. In the alternative, she said, he asked that she issue a news release stating that no money was involved in the settlement.

Media pressure was 'devastating' to Stephan, Storey testifies

By John Petterson
Kansas Correspondent

TOPEKA — As media pressure escalated to release details of an out-of-court settlement of a sexual harassment lawsuit Attorney General Bob Stephan made an about-face and decided to have the terms revealed, Topeka lawyer Bob Storey testified Friday.

"When the press started coming down on him, he couldn't handle it," Storey said of Stephan. "He was devastated."

Although Stephan initially opposed making the details of the settlement public, he eventually called for them to be revealed and held a news conference in October 1985, Storey testified.

But Stephan did not know the details of the settlement until shortly before the news conference, said Storey, Stephan's co-defendant.

Storey's testimony concluded the second week in the breach of contract suit filed against Stephan by his former office clerk, Marcia Tomson.

Tomson, who now lives in San Diego, filed the suit in November 1985 after Stephan and Storey held a news conference and disclosed the terms of the settlement in the sexual harassment suit Tomson filed in 1982.

Storey and Stephan have said they had made no agreement with Tomson to keep the settlement details secret. Tomson's side contends that there was an unwritten confidentiality agreement and that it had been sought by the attorney general.

The attorney general and Storey also are charged with portraying Tomson in a false light in the public eye because of comments they made at the news conference.

Tomson was fired in 1982 from her job as a clerk in Stephan's office. She said in her first suit that she was dismissed because she spurned repeated on-the-job sexual advances from the attorney general.

Although Stephan denied the allegations in the initial lawsuit, he settled for $24,000 and other considerations. When he disclosed those terms to the public, Tomson filed the second suit. She is seeking $15.6 million in damages from the two men.

During the trial, Tomson's attorneys made repeated references to a memorandum attributed to Stephan's Washington political consultant, Doug Bailey. That memo was dated May 10, 1985, and referred to the lawsuit's being settled for less than $25,000.

The defendants and their witnesses said they had not seen the memorandum before the trial.

After closing arguments on Monday, the jury will begin deliberations. Jurors must sift through hundreds of exhibits and hours of conflicting testimony as they evaluate which side to believe.

U.S. District Judge Dale Saffels told jurors that he would let them take time off, if necessary, to vote in Tuesday's general election.

During two weeks of testimony, key witnesses on both sides contradicted each other while Stephan's attorneys argued that a conspiracy had been cooked up to deny the attorney general the opportunity to conduct a successful campaign for governor in 1986.

Tomson's attorneys argued that the confidentiality agreement Stephan drove had been worked out with his full knowledge and participation.

The defendants said that the [illegible] agreement and that the details were revealed to put Stephan in a position to run for governor without the cloud of a federal sexual harassment lawsuit hanging over his campaign.

But in revealing the terms of the settlement, Tomson's side suggests Stephan paid no regard to the impact such a public statement would have on Tomson's life.

KC Times 10/26/88

Topeka lawyer denies allegations

By John Petterson
Kansas Correspondent

TOPEKA — The Phelps family allegedly signed false affidavits, gloated about suing public officials and sued a university to force it to admit their children into law school, Attorney General Bob Stephan's attorneys suggested Tuesday during Stephan's breach of contract trial.

But Margie Phelps denied the allegations and said after the trial ended for the day that Stephan's lawyers had attacked the credibility of her family because they are cowards and refuse to address the merits of the case against Stephan.

Phelps, a member of the Topeka family law firm of Phelps Chattered, was the first witness called by lawyers for Marcia Tomson who brought the breach of contract lawsuit against Stephan.

The attorney general fired Tomson who was a clerk in his office, in 1985, and later Tomson filed a federal lawsuit against Stephan, alleging that he sexually harassed her. Margie Phelps and her father, Fred Phelps Sr., were attorneys for Tomson.

That suit was settled out of court in March 1988 for $24,000 in cash and other considerations. The settlement terms were to have been kept secret. But at an October 1985 news conference, the terms were discussed by Stephan and his political friend,

See PHELPS, B-4, Col. 1

Lawyer says allegations aren't true

Continued from Page B-1

Tuesday he launched his attack.

Michaud asked Margie Phelps whether she was aware "that credible people have alleged and stated (that) your father, you and your brothers and sisters have signed false affidavits."

She said she was aware of unsworn complaints against some of her family and said, "We have refuted the allegations of the complaint. . . ."

Although no identification of the complaint against the Phelps family was made, a complaint signed by federal court judges in Kansas, now held in secret by the court, is pending in the federal judicial system.

Michaud also asked Phelps whether her family "liked to sue high public officials and gloat about it to clients." She said they did not.

He also asked her about a lawsuit the family brought against the Washburn University Law School — to try to force the university to admit some of their children after their applications had been denied.

"When the smoke had cleared away, it was found there was no basis for the lawsuit" and the lawyers were forced to pay court costs, Michaud said.

At another point, Michaud had Phelps read part of a statement taken from Tomson in which she detailed Stephan's alleged sexual advances and said he spoke about her physical endowments and kissed and fondled her in his office.

Detailed news reports of Tomson's statement appeared in some newspapers, and Michaud suggested that it was the practice of Margie Phelps and her father to release statements with sexual overtones to reach settlements. She denied it.

After Tuesday's session had recessed, Phelps said: "I think that Mr. Michaud is showing one of the greatest displays of cowardice I've ever seen" because he was "attacking (her) family" rather than addressing the merits of the case.

"I'm very proud of what my family has done, and I'm not backing off from any of it," she added.

Because of the controversy that Tomson's original lawsuit precipitated and the ensuing media attention, Stephan abandoned plans to seek the Republican nomination for governor in 1986. He later ran for re-election as attorney general and won.

Today after completion of the cross-examination, Margie Phelps' sister, Shirley Phelps-Roper, and Lee Ann Brown, fiancee of one of Margie Phelps' lawyer brothers, are scheduled to testify.

Miller: Secrecy was Stephan's idea

Former negotiator testifies

By John Petterson
Kansas Correspondent

TOPEKA — Former Kansas Attorney General Vern Miller testified Monday that it was Attorney General Bob Stephan who wanted the terms of the 1985 settlement of a sexual harassment lawsuit kept secret, including the cash payments.

Miller, now a Wichita lawyer, said Stephan also knew all of the settlement terms from the start. Miller's testimony before a U.S. District Court jury was in sharp contrast to public statements Stephan had made in October 1985 and at other times.

Miller's testimony came as the second week of the 1985 breach of contract lawsuit against Stephan opened in Topeka.

Stephan is being sued by Marcia Tomson of San Diego, Calif., for divulging terms of the settlement of the sexual harassment lawsuit she had brought against him in December 1982. Tomson was a clerk in his office before he fired her.

In a second part of the case, Stephan, along with Topeka lawyer Bob Storey, is being sued for holding Tomson up to a "false light" in the public's eye as a result of statements the two men made at a news conference late in October 1985. The news conference was called to discuss the settlement of Tomson's first lawsuit.

Tomson now is using her maiden man, Stingley, although court documents still refer to her as Marcia Tomson. She is seeking damages totaling $15.6 million against Stephan and Storey; the lawsuit was filed about two weeks after the news conference.

During the news conference, Stephan said in a prepared statement that "I did not know the details as to money paid, how much, or from whom."

In testifying for Tomson, Miller said Stephan knew there would be a $24,000 cash payment to Tomson as part of the settlement. He also said the attorney general told him to contact Storey and two others about raising the settlement money.

Miller, who was representing Stephan in the settlement negotiations, said it would have been wrong

See MILLER, B-5, Col. 1

KC STAR 10-26-88

Lawyer denies feud with Stephan

By The Associated Press

Topeka—Topeka lawyer Margie Phelps denied today that she was waging a vendetta against Kansas Attorney GeneralBob Stephan as a multimillion-dollar breach-of-contract trial entered its third day.

Phelps represented Marcia Tomson in an earlier lawsuit against Stephan that alleged sexual harassment. It was settled out of court.

Under cross-examination, Phelps said her family had helped Stephan in the past.

"I wasn't on a vendetta," Phelps testified. "I didn't know him, I didn't dislike him."

She confirmed that her law firm had sued the attorney general six times, but those suits were against Stephan in his official capacity as attorney general and were not directed at him personally.

Phelps was the first witness called as testimony began in a $5.2 million lawsuit brought by Tomson against Stephan for allegedly breaking the confidentiality on the settlement of the earlier suit.

Tomson also alleges that Stephan and former state Sen. Bob W. Storey, a co-defendant, held her up in a "false light" before the public by their statements made at a news conference in October 1985 at which terms of the settlement allegedly were made public.

Phelps, a member of the Phelps Chartered law firm and a daughter of civil rights lawyer Fred Phelps Sr., worked on the two lawsuits Tomson has brought against Stephan and helped arrange the settlement of the first one.

She was disqualified from representing Tomson further because she was going to be called as a witness in the current trial.

Miller says secrecy was Stephan's idea

Continued from Page B-1

to keep his client in the dark about settlement details.

Asked by one of Tomson's attorney's whether he had ever kept settlement details secret from a client, Miller replied: "Never. You just don't do that. It's unethical and it's improper."

Miller said that about March 1, 1985, he began negotiating a settlement in the sexual harassment case with Margie Phelps, a Topeka lawyer who was one of the attorneys representing Tomson at the time.

Phelps finally agreed that her client would settle the case for $24,000, an apology and a letter of recommendation from Stephan, Miller said, adding that there was some talk about Stephan's having someone buy Tomson's home for an inflated price.

He said he called Stephan and told him of the terms.

"He (Stephan) said that's in the ballpark," Miller said. "We talked again and he said, 'I believe we'll take that.'"

Then Stephan said the settlement would have to be in cash and it would have to be confidential, Miller testified. Those additional terms were relayed to Phelps and she said they were acceptable.

In the October 1985 news conference, Stephan was asked who wanted the secrecy arrangement.

"Not me," he replied. "The conversation was that Vern called, and said he thought the case could be dismissed if I wouldn't say anything. And that was that. I said be my guest."

The Stephan-Storey news conference, came as public pressure mounted for the attorney general to disclose more information about the settlement. Stephan was planning to run for governor the next year, and his political consultant also was urging him to publicize more information.

In an attempt to repudiate the defense contention that Miller and the Phelps law firm were working together to scuttle Stephan's political career, Tomson's attorney asked the former attorney general whether he was involved in a conspiracy with the Phelpses. He denied he was.

"Bob Stephan was my friend, I thought," Miller said.

Ruining his political career was "the last thing in the world I wanted to happen," he added. "All I wanted to do was to get the lawsuit settled so he could go on with his life."

Miller's testimony and Tomson's case are to conclude today. Stephan's and Storey's sides will follow.

KC STAR 11-1-88

Vendetta by Miller suggested

By Kathryn M. Nelson
staff writer

Topeka—Former Attorney General Vern Miller participated in a vendetta against Attorney General Bob Stephan to destroy his political career, Stephan's attorney said today in federal court in Topeka.

In the seventh day of testimony of a $15.6 million breach-of-contract suit filed against Stephan by former employee Marcia Tomson, the attorney, Gerald Michaud, tried to discredit Miller's previous testimony.

Miller, former friend and legal counsel to Stephan, said Monday the attorney general had insisted on a secrecy clause in the $24,000 settlement of a previous sexual harassment suit Tomson filed against him. Miller helped Stephan negotiate the settlement and raised the funds to pay it.

Stephan has maintained that he did not know the details of the settlement.

As pressure mounted against Stephan in 1985 to reveal details of the settlement, Miller said Monday, he advised Stephan to honor the secrecy agreement.

Instead, Stephan and former state Sen. Bob Storey discussed the settlement at a news conference, leading to Tomson's second suit, which contended the disclosure breached their contract and portrayed her in a "false light."

Stephan subsequently withdrew his attempt to become the Republican nominee for governor.

Michaud tried to show the jury that Miller, a Democrat, had worked with Fred Phelps Sr. of Phelps-Chartered, the Topeka law firm that initially represented Tomson. Included among their liaisons, Michaud argued, were lawsuits and ethics complaints against other lawyers and public officials that constituted personal vendettas.

In fact, Michaud said, "There was a vendetta on the part of Fred Phelps Sr. and Phelps-Chartered that resulted in this lawsuit."

Miller said he understood that was Stephan's contention but that he considered Phelps absolutely honest and ethical.

"I've never known him to have a vendetta and pursue lawsuits because of that (vendetta)," Miller said. "He just goes after them hard.

"I've never heard him say he's mad at anybody . . . He just has causes."

Phelps' firm was ordered to withdraw from representing Tomson because members of the firm have been called as witnesses.

Attorneys on both sides told U.S. District Judge Dale Saffels that they expected to finish presenting evidence Friday, but may have to continue next week with closing arguements and jury deliberation.

Saffels said he would not ask jurors to meet over the weekend.

Area news

Topeka lawyer tells of feud with Stephan

By Kathryn M Nelson
staff writer

Topeka—Friction between Attorney General Bob Stephan and the Topeka law firm that handled a sexual harassment suit against him began as early as 1979, according to testimony today in federal court in Topeka.

Evidence presented today in the 8-day old breach-of-contract trial against Stephan showed that the Phelps-Chartered law firm, headed by Fred Phelps Sr., engaged in a sparring match with Stephan shortly after he took office in January 1979.

Phelps testified for the second day today in the lawsuit filed in 1985 by former employee Marcia Tomson after Stephan revealed details of the $24,000 settlement of the harassment suit she had filed in 1982. Tomson has said at the trial that she is now using her maiden name, Stingley.

Several of Phelps' daughters, who are also lawyers, had verbal spats with employees in Stephan's office in May 1979, Phelps testified.

Although Phelps considered the matters "relatively trivial," he eventually wrote Stephan a letter threatening him with a civil rights lawsuit for his "scurrilous" behavior.

"Is that your letter?" asked Stephan's attorney, Gerald Michaud, after reading the letter in court.

"Sure is," Phelps replied. "That's a good letter. Proud of it."

Stephan has contended that the Phelps firm, with the help of former Attorney General Vern Miller, conducted a vendetta to ruin his political career. Their conspiracy, Stephan has contended, included manufacturing evidence that Stephan knew the details of the settlement.

The $15.6 million suit contends that Stephan breached their contract and that former state Sen. Bob Storey cast her in a "false light."

The May 1979 incidents included an altercation in a parking lot with Bob Alderson, Stephan's first assistant, and an offhand remark made by Betty Johnson, Stephan's receptionist, in the hallway of the Kansas Judicial Center.

Stephan asked Phelps to investigate the incidents, and he had Margie Phelps, one of his daughters, write memos describing them. Although Phelps acknowledged his daugher probably "cast her actions in the best light," he was angered that Stephan did not respond in 30 days.

He wrote a second letter, to which Stephan responded in writing that he did not feel compelled to confirm or deny the allegations.

In response to that "rather insulting letter," Phelps said, he threatened to sue.

Phelps said he contributed money to Stephan's 1978 campaign for attorney general, and that the two later "diffused . . . this friction."

But Michaud contended that after the 1979 incident Phelps vowed Stephan "would regret this the rest of his life."

The trial in U.S. District Judge Dale Saffels' courtroom is expected to last at least the rest of the week.

Stephan describes conspiracy, says Vern Miller turned on him

By John Petterson
Kansas Correspondent

TOPEKA — Attorney General Bob Stephan took the witness stand in his own defense Wednesday in U.S. District Court and said he had been set up and betrayed by his best friend.

"It was like a nightmare to think I'd been set up," Stephan testified. "It was very carefully orchestrated. I thought about a friend who betrayed me."

The Republican attorney general was talking about Vern Miller, a former Democratic attorney general who had been his friend for more than two decades.

> **"I never would have made an agreement like that with anyone else on the face of the earth."**
>
> **Bob Stephan, Kansas attorney general**

Miller, who now practices law in Wichita, had helped Stephan settle in 1985 a highly visible sexual harassment lawsuit filed against him by Marcia Tomson, a former clerk in Stephan's office.

Stephan testified for nearly three hours during the eighth day of the trial in the breach of contract lawsuit filed by Tomson. It is her second lawsuit against the attorney general.

Also in the lawsuit, Stephan and Topeka lobbyist Bob Storey are accused of holding Tomson up to a false light in the public eye.

Stephan's attorney, Gerald Michaud, has advanced the argument throughout the trial that the attorney general had been victimized by a conspiracy staged by Topeka lawyer Fred Phelps Sr.; some members of Phelps Chartered, a Topeka law firm; and Miller.

The goal of the alleged conspira-

See STEPHAN, A-14, Col. 1

Stephan denies harassing woman, alleges conspiracy by lawyers

Continued from Page A-1

to Michaud has suggested was to eliminate Stephan as a candidate for the Republican nomination for governor in 1986.

The alleged participants have denied the conspiracy charge.

Tomson, who now lives in San Diego, filed the sexual harassment lawsuit in November 1985, contending that the attorney general broke an agreement not to talk about the settlement of the sexual harassment lawsuit she had filed in December 1982.

She contends he broke that agreement when he and Shores held a news conference in October 1985 to discuss the settlement.

In the civil lawsuit, she alleged that Stephan made repeated sexual advances to her in his office and that she was fired because she rejected them.

Stephan renewed his denials of those allegations in his testimony on Wednesday.

Stephan

"There's not a shred of truth in that," he said. "I wouldn't do that to anybody, ever."

Also in his testimony, Stephan rebutted statements made by a parade of witnesses for the plaintiff, including Tomson herself.

He denied that he was involved directly in the settlement of the sexual harassment lawsuit and that he was aware of all of the terms of the agreement from the beginning, as Miller had testified.

Stephan said that a series of meetings, which Tomson's attorney, Margie Phelps of Topeka, had testified occurred in advance of the settlement, never took place.

He also rejected Tomson's testimony that after the 1985 settlement the two of them spent several hours sitting in a car in a Topeka shopping center parking lot drinking champagne out of plastic campaign cups and renewing their old friendship.

Stephan said it was in November 1985 that he first realized Miller had betrayed him. That was when the attorney general received a handwritten letter from Miller outlining a series of meetings and conversations that Stephan said never occurred.

The attorney general said he was angry when he read the letter.

"To read that, other than the lawsuit, it was the most devastating thing that's ever happened to me," he said.

"It had to be juxtaposed by someone else to invent the false statements."

It was that letter, he said, that made him decide to abandon his plan to run for governor or even to seek re-election as attorney general.

"It shows what politics is all about. It's not worth it," Stephan said he thought at the time. "At that point, I said it's not worth running for governor or anything else. I received $150,000 for campaign contributions because I thought I was involved with politics."

However, Stephan did run for re-election as attorney general and won a third term.

In his testimony, Stephan reiterated previous statements that the decision to settle the first Tomson lawsuit out of court was a mistake.

"I never should have settled it that way," he said. "It was a big mistake."

At one point, the attorney general said Miller called him and said he thought he could settle Tomson's lawsuit for $5,000 or $6,000 [illegible] Stephan said Miller told him it would be settled if he would put Tomson back on his payroll and pay Fred Phelps Sr. a modest attorney's fee.

"I told him I wouldn't give her a dime," Stephan said he responded to Miller's offers.

In January or February 1985, Stephan said, Miller called again and said he could get the case dismissed if "I wouldn't say anything and would write Morton a letter of recommendation. That's all I needed to know."

Stephan gave the go-ahead, a move he described as "the dumbest thing I ever did."

He said it was only because Miller was such a close friend that he allowed him to settle the lawsuit without keeping him informed.

"I never would have made an agreement like that with anyone else on the face of the earth," he said. "I've just been hung out to dry in years."

Miller and Shores, acting together, raised $54,000 from friends of Stephan, which was to be part of the settlement agreement. Stephan said he thought there was money involved but didn't know any of the details until shortly before the October 1985 news conference. Some of the donors weren't known to Stephan until the next year, he said.

Stephan said there was no truth to the testimony from Miller and Shores that there was a conspiracy of some sort associated with the settlement, such as a plan for Stephan to get someone to buy Tomson's silence for an inflated price.

"I never made any agreements like that with Margie Phelps or anyone else," Stephan said.

Area news

Bennett to resume testimony in Stephan trial

By, The Associated Press

Topeka — Former Gov. Robert Bennett was to resume testimony today in the trial of the multimillion dollar breach-of-contract suit against Attorney General Bob Stephan.

The second week of testimony will end today, but final arguments are not expected until Monday.

The suit was filed by Marcia Tamson, a former clerk in the attorney general's office, who has since started using her maiden name of Stingley.

The suit stems from the earlier sexual harassment suit, filed Dec. 24, 1982, soon after she was fired from her job at the attorney general's office. That suit was settled out of court, although Stephan contends he did not know terms of the settlement until shortly before an Oct. 29, 1985, news conference when terms were revealed.

She is suing Stephan for $5.2 million for breach of contract and for placing her in a "false light" before the public. She and others have testified that settlement terms were to be kept confidential.

She also sued former state Sen. Bob Storey of Topeka for allegedly placing her in a false light at the news conference.

Bennett told the jury that Stephan originally insisted he could not release the terms of the settlement.

Bennett, a Republican who served as governor from 1975 to 1979, said he was a member of Stephan's "sounding board" in preparation for a run at the governorship.

Bennett said he, former Republican State Chairman Jack Ranson and Doug Bailey, a political consultant from Washington, urged Stephan to announce the settlement terms.

"The attorney general and I had some relatively harsh words about disclosure," Bennett said of one discussion, before the news conference. "He wasn't going to break his word."

Bennett said he later sent Stephan a letter detailing what his political opponents could do legally to obtain information about the settlement and how they could use it against him.

"There were other people beside the attorney general who wanted to be governor," Bennett said.

Bennett said he was present when Stephan went over the text of his statement for the news conference, no earlier than the day before it occurred.

"He was incredulous," Bennett said. "He sat there, and he looked at it and, quite frankly, talked to himself for a while. He said 'I didn't know. I didn't know.'"

Lawyer tells of feud with Stephan

By Kathryn M. Nelson
staff writer

Topeka — Friction between Attorney General Bob Stephan and the Topeka law firm that handled a sexual harassment suit against him began as early as 1979, according to testimony today in federal court in Topeka.

Evidence presented today in the 8-day-old breach-of-contract trial against Stephan showed that the Phelps-Chartered law firm, headed by Fred Phelps Sr., engaged in a sparring match with Stephan shortly after he took office in January 1979.

Phelps testified for the second day today in the lawsuit filed in 1985 by former employee Marcia Tamson after Stephan revealed details of the $26,000 settlement of the harassment suit she had filed in 1982. Tomson has said at the trial that she is now using her maiden name, Stingley.

Several of Phelps' daughters, who also are lawyers, had verbal spats with employees in Stephan's office in May 1979, Phelps testified.

Although Phelps considered the matters "relatively trivial," he eventually wrote Stephan a letter threatening him with a civil rights lawsuit for his "scurrilous" behavior.

Stephan has contended that the Phelps firm, with the help of former Attorney General Vern Miller, conducted a vendetta to ruin his political career. Their conspiracy, Stephan has contended, included manufacturing evidence that Stephan knew the details of the settlement.

The $15.6 million suit contends that Stephan breached their contract.

Area news

Stephan's defense challenged

By Kathryn M. Nelson
staff writer

Topeka — Attorney General Bob Stephan's theory that a conspiracy by a law firm and former Attorney General Vern Miller led to a breach-of-contract suit against him came under sharp attack today in federal court in Topeka.

Stephan testified for the second day in the nine-day trial as an attorney for the woman who filed the suit challenged Stephan's defense.

Attorney Fred Thompson, who represents Marcia Stingley, the former clerk in Stephan's office who filed the suit under her married name Tomson, questioned the logic and the timing of the alleged conspiracy. Thompson also questioned Stephan's contention that he did not know the details of the $24,000 settlement of a sexual harassment suit Stingley filed in 1982.

Stingley was first represented by the Phelps-Chartered law firm of Topeka. Miller, a longtime friend of Stephan's who had worked with the Phelps firm on several cases, helped Stephan arrange the settlement in March 1985.

Stephan was then considering running for governor and his political advisers urged him to reveal details of the settlement, which he did at an October 1985 news conference.

The suit alleges that the news conference breached a secrecy clause in the settlement and that Stephan and Topeka lobbyist Bob Storey held her up to the public in a "false light." She is seeking $15.6 million in damages.

Stephan has contended he did not know the details of the settlement, including the secrecy clause, and that Phelps and Miller manufactured evidence to show that he was involved in settlement conferences.

Jury begins deliberations on Stephan lawsuit

By Kathryn M. Nelson
staff writer

Topeka — Jury deliberations began today in the breach-of-contract suit against Kansas Attorney General Bob Stephan.

The lawyer for Stephan told the federal court jury in closing arguments that his client was "dumb, but that doesn't make him a cheat" for trusting people who conspired to ruin his political career.

Gerald Michaud, a Wichita lawyer, made his comments as testimony in the two-week trial concluded.

Stephan is one of the defendants in a $15.6 million lawsuit brought by Marcia Tomson, a former file clerk in his office. Tomson, who now uses the name Stingley, has claimed that Stephan breached their contract when he revealed details of a settlement of a previous lawsuit and failed to fulfill other terms, including securing employment for her and selling her house.

She also contends that Stephan and Topeka lobbyist Bob Storey held her up to the public in a "false light."

Michaud said today Stephan did not breach a contract he did sign, and that even if there were, the false light claim should be dismissed because Stephan never sexually harassed Tomson.

"Truth is an absolute defense," he told the jury. "There was no merit to that original lawsuit. It's time for Bob Stephan's name be cleared."

Stephan contends that former Attorney General Vern Miller and members of the Phelps Chartered law firm of Topeka conspired against him by withholding details of the settlement and manufacturing evidence after the fact to support their claims.

Bob Stephan, you were so dumb — and for that I fault you — to let yourself get caught in a trap ... with that Phelps clan," Michaud said during his closing argument. "The state of Kansas deserves better."

But Jane Hay, Storey's attorney, told the jury that her client's comments about Tomson at an October 1985 news conference were kinder than comments made in newspaper editorials during the months before the news conference. At that conference, Storey and Stephan repeated their contentions that there was no basis for the lawsuit.

Jury awards $200,000 to former Stephan clerk

Attorney general broke word, jurors say

By John Petterson
Kansas Correspondent

TOPEKA — Attorney General Bob Stephan must pay $200,000 to Marcia Tomson, a former employee, because he violated their settlement of a sexual harassment suit by disclosing the terms of that deal, a federal jury found Monday.

"That's the way it goes," a dejected Stephan said to his attorneys as they crowded around to console him after the breach-of-contract verdict was announced in U.S. District Court.

Stephan declined to comment but scheduled a news conference for 2 p.m. today.

It was not clear Monday how Stephan would pay the award. He could ask the state to pay it or he could assume the full responsibility.

The award to Tomson, a former file clerk in Stephan's office, was thought to be the largest in history against an elected state official in Kansas. It stemmed from the disclosure of details of a secret, out-of-court settlement of a sexual harassment lawsuit that Tomson filed against her former boss in December 1982.

Late Monday afternoon Tomson declined to elaborate on the jury's decision.

"I'm really not going to make any comment on it," she said.

She is not unhappy with the decision, she said.

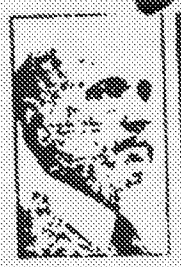
During the two-week trial before U.S. District Judge Dale Saffels, Tomson testified that she was devastated and betrayed by Stephan's disclosure of the details of the sexual harassment settlement.

Because of the disclosure, Tomson filed a second lawsuit, which accused Stephan of breach of contract and holding her up to false light in the public eye. It was brought in federal court in late 1985.

The eight-person jury cleared Stephan of the false light claim and refused to approve punitive damages for the breach of contract accu-

See JURY, A-16, Col. 1

Jury says Stephan owes clerk



Stephan

Tomson

Continued from Page A-1

sation.

Topeka lawyer Bob Storey, the other defendant in the case, was cleared of the "false light" accusation and no damages were awarded. It was the only claim he faced.

Storey and Vern Miller of Wichita, a Democratic former attorney general, had raised $24,000 in cash as part of the settlement of the sexual harassment lawsuit. Tomson received $16,000 as her share of the $24,000.

Storey, one of Stephan's longtime political supporters, made no comment on the jury's decision but he hugged his attorney, Deanne Watts Hay of Topeka, before leaving the courtroom.

Tomson, who now lives in San Diego, Calif., had sought more than $15 million.

She and her lawyers declined to say how much of the award — if it is allowed to stand — she would receive after attorney fees are subtracted.

One of her attorneys, Fred Thompson, said Tomson had expressed a desire to make no comments.

"It's one of those deals where you rehash the lawsuit in its entirety or you don't say anything," said Thompson, who has offices in Washington, D.C., and Nashville, Tenn. "We lean toward the latter. We're gratified on that part of the verdict that was in our favor."

Gerald Michaud of Wichita, Stephan's lead attorney, said an appeal probably would follow.

"Ordinarily you would expect that there would be appeal motions," said Michaud, who had donated his legal services to fight Tomson's claims against Stephan.

"It's hard to say what juries will do," Michaud said. "I'm surprised, especially at the amount."

Stephan said earlier in the day that he would check with the Kansas Public Disclosure Commission to determine whether he would be required to report the value of Michaud's legal services as a gift to him.

After 10½ days of testimony, the jury took slightly less than four hours to reach a verdict.

About halfway through their deliberations, jurors requested a tape recorder, apparently to listen to the tape of an Oct. 29, 1985, news conference at which Storey and Stephan announced details of the secret settlement, which had dogged Stephan's political career and ultimately forced him to abandon plans to run for governor in 1986.

After the trial, juror William Kline of Clay Center said he thought the evidence clearly showed that Stephan had to know there was a contract covering the settlement of Tomson's first case.

He said that when Stephan, Storey and Miller met in Miller's Wichita office before the October 1985 news conference, Miller mentioned the $24,000 that was part of the settlement.

There was also testimony about Stephan's writing a letter of recommendation for Tomson as part of the settlement.

"I just felt he broke that contract at the news conference on the 29th [Oct. 29, 1985]," Kline said.

He said the jury had difficulty deciding how much in actual damages to award to Tomson.

None of the jurors, he said, wanted to give more than $200,000.

"That was the highest we came up with. The low end was $100,000," he said.

Juror Orene Nichols of Council Grove said the case was difficult for jurors.

"We deliberated quite a while on every aspect of it," she said.

Some of the other jurors declined to comment or could not be reached.

During the trial, Stephan's side tried to persuade the jury that he was conspired against by Miller, Tomson and members of the Phelps family of lawyers, all of whom practice in Topeka. The goal allegedly was to derail Stephan's shot at the governor's office.

"It's time this shakedown be put to rest once and for all," Michaud told the jury.

Margie Phelps, a member of Phelps Chartered, said the verdict vindicated her family, "not to mention my client." Phelps was one of Tomson's original attorneys in the second lawsuit and one of her attorneys in the first lawsuit.

"I think that Mr. Michaud promised to prove that my family, Vern Miller and Marcia Tomson were liars and he couldn't," Phelps said.

"I think that we have claimed from the outset she had a settlement package worth more than what she got in the first case and now she's got what it's worth, finally."

In his closing, Thompson said Stephan's political consultant, Doug Bailey of Washington, D.C., developed the strategy that Stephan was to use to keep him in the race for governor and that Bailey's documents showed that the attorney general knew of the settlement details before the October 1985 press conference.

"I do not ask for sympathy," Thompson said to the jury. "I ask for justice."

STEPHAN and STOREY denied the allegations of the second suit, claiming STEPHAN had made no agreement with [redacted] to keep the 1985 settlement details secret. STEPHAN claimed that his attorney during that period, VERN MILLER, himself a former Kansas Attorney General, had arranged the settlement and STEPHAN said he did not know any of the terms of that agreement. [redacted] and her attorneys contended that there had been an unwritten confidentiality agreement and that STEPHAN had insisted upon that aspect of the agreement. b6 b7C

Between the filing of the suit in November 1985, and October 1988, when the matter finally went to trial in the United States District Court at Topeka, Kansas, the two sides engaged in heated rounds of deposition taking, charges and counter-charges. [redacted] had originally been represented by the PHELPS CHARTERED LAW FIRM, headed by well known Topeka attorney, FRED W. PHELPS, SR. PHELPS [redacted] comprised the PHELPS CHARTERED FIRM, which had been an active civil rights litigant over a several year period. PHELPS was eventually barred from representing [redacted] in the second suit because they were potential witnesses at trial, and [redacted] then retained Tennessee attorney, [redacted] and an attorney from Emporia, Kansas, [redacted] STEPHAN was represented by attorneys from the Attorney General's staff.

During the two week trial, several points of contention between the two sides were focused upon. The primary allegations centered on the terms of the original 1985 settlement, when STEPHAN knew of the terms, whether STEPHAN himself had insisted upon confidentiality, and whether or not STEPHAN had played an active roll in raising the [redacted] b6 b7C

STEPHAN testified during the trial and claimed he had been the victim of a "conspiracy to destroy his political career." STEPHAN claimed his attorney in 1985, VERN MILLER, had conspired with FRED PHELPS to force STEPHAN out of the 1986 Governor's campaign. STEPHAN also denied the original sexual harassment charges by [redacted] in the 1982 suit; STEPHAN denied direct involvement in settling the 1982 suit, and denied knowledge of the terms of that settlement.

After two weeks of testimony, the Federal Court Jury found in favor of [redacted] and awarded her [redacted]

On October 18, 1989, United States District Court Judge DALE E. SAFFELS, who had presided over the TOMSON-STEPHAN trial, contacted the then United States Attorney (USA) for the District

To: [redacted] Attn: SEMU, SSA [redacted] WFO
From: WFO
Re: [redacted] 03/08/2000

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b7C
b3
b7E

Writer further conveyed to [redacted] that FBIHQ had received no information regarding threats to the MMOW, and all of the field offices around the country were to canvas their area to determine if they had any information concerning threats to the MMOW. Writer will convey any positive threat information to the MMOW.

[redacted] advised writer that she was aware of a counter-protest being planned for the MMOW being lead by Fred Phelps. ACS search for Phelps showed numerous entries, including Phelps as the main subject in a 1993 extortion case out of the Topeka RA, Kansas City Division. Writer contacted SA [redacted] Topeka RA, who provided information on Phelps.

b6
b7C

Fred W. Phelps, DOB 11/13/1929, SSN 427-32-0157, is a well known local anti-homosexual zealot who is the pastor of the Westboro Baptist Church and Library, 3701 W. 12th Street, Topeka, Kansas, (913) 273-0325 or (913) 273-0338. The congregation consists mainly of his [redacted] are attorneys who run the Phelps Chartered Law Firm, 1414 S. Topeka Blvd., Topeka, Kansas, (913) 233-4162. Phelps and his followers have demonstrated on an almost daily basis in the Topeka area for the past 8 years. They will also travel to other locations to spread their doctrine, such as Wyoming, New York, and San Francisco. Phelps also runs the web site www.godhatesfags.com where his views about homosexuality are displayed.

SA [redacted] reported that Phelps is not a violent person, but will be very vocal in his protests. Phelps is a disbarred attorney himself, and is keenly aware of what his rights and limitations are from a legal standpoint. He and his followers carry a video camera with them to film those who attempt to stop them from demonstrating.

Although Phelps does appear to be dedicated to only one issue, his web site does mention "baby-killers". Writer provided aforementioned material regarding Phelps to SA [redacted] NS-13, for use on possible FACE act violations as she deems necessary.

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b7C

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(Rev. 10-01-1999)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 03/08/2000

To: National Security **Attn:** SEMU, SSA [redacted] b6 b7C
WFO **Attn:** SSA [redacted]

From: WFO
NS-16/National Capital Response Squad
Contact: SA [redacted] ext. 4480

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: [redacted] b3 b7E

Title: [redacted]

OO:WFO

Synopsis: To report status of security plans regarding the Millennium March on Washington (MMOW).

Details: On 03/08/00, writer telephonically contacted [redacted] b6 b7C MMOW, regarding the current security plans their organization has for the march and rally on 04/30/00. [redacted] reported that MMOW is in the process of obtaining a contract with a security service who will work the march and rally, along with Metropolitan Police Department (MPD) and U.S. Park Police (USPP). [redacted] identified the point of contact for USPP as [redacted] telephone number [redacted] did not know the name of the MPD representative with whom she was working.

[redacted] advised that there was a credentialing system in place for the MMOW, and that FBI representatives would be included in the badging process. There have been no security committee meetings thus far, but [redacted] advised that she would contact the FBI with times and dates for the meetings as they evolved.

Writer advised [redacted] that the FBI had opened the MMOW as a Level IV Special Event, and explained to her the FBI's role in this activity, i.e., statutory requirements and limitations, agent staffing and responsibilities, federal aid that can be supplied if an incident of violence occurs, etc. [redacted] b3 b6 b7C b7E

[redacted]

3/13/00 [redacted]

[redacted] 000691.ec